



March 26, 2009

Jennifer J. Johnson, Secretary  
Board of Governors of the Federal Reserve System  
Federal Reserve System  
20<sup>th</sup> Street and Constitution Avenue, N.W.  
Washington D.C. 20551

**Re: Proposed Amendments to the Regulation E,  
Docket No. R-1343**

Dear Ms. Johnson:

We appreciate the opportunity to comment on the proposed amendments to Regulation E. In 2004, we implemented the Occasional Overdraft Privilege Service (“OOPS!”). For the last five years, this service has created great value for our customers. “OOPS!” allows our customers’ important bills to be paid even if they do not have the funds at that particular time, without embarrassment. Since this program has worked so well for us and our customers, we have serious concerns regarding the proposed amendments of a partial opt-in or opt-out requirement.

Our institution has not experienced any demand for an opt-in requirement. Our customers view this service as a convenient way to ensure their important transactions are processed, and we have not received any complaints about the service since its inception. We think an opt-in requirement would impose additional administrative burdens on financial institutions without any offsetting value for customers.

We believe that the partial opt-out approach is not feasible. This would add substantial technology cost to the small- and mid-sized financial institutions; this Proposal favors larger institutions. The partial opt-out would also be confusing to and misunderstood by our customers. The conceptual framework for the partial opt-out regime assumes all debit card transactions are created equal, but experience tells us that they are not. A growing number of service providers allow consumers to use their debit cards to make one-time payments. In many cases overdraft protection can ensure that these transactions are honored, unless the consumer has opted out of overdraft privilege service for debit transactions. The customer may be shocked to learn that their bill payment has been denied for insufficient funds. Allowing us to offer overdraft protection services on an all-or-nothing basis would be more

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practical for our customers and our institution. We believe the best solution would be to scrap the partial opt-out approach altogether.

We feel that the current Proposal completely ignores relevant facts about overdraft services. One, consumers overwhelmingly appreciate overdraft services and are willing to pay for those services. Rather than losing customers due to having to close their account due to unpaid overdraft fees, we have retained customers who appreciate the service. Two, financial institutions' overdraft services are better for the customer than other alternatives. Overdraft service providers do not require collateral, and overdrafts cannot be "rolled over" for weeks on end. Additionally, after researching our customers use of the program, we have determined that it was generally being used for financial management purposes by our customers. Finally, consumers comprehend an "all-or-nothing" overdraft program. The new proposals would require an extensive amount of consumer education, and it is unlikely that the consumer would retain an understanding for any meaningful period of time.

Thank you for your consideration of our comments.

Sincerely,

Brad Butler  
Executive Vice President